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Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice; Notice of proposed rulemaking and withdrawal of previous proposed rule.

Comment On: EBSA-2010-0050-0204

Definition of the Term Fiduciary; Conflict of Interest Rule- Retirement Investment Advice

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General Comment

The Department of Labor has proposed a new rule that would change how brokers and financial firms deal with IRAs and other retirement plans.

The rule is supposed to reduce fees and conflicts of interest between brokers and investors. That's a good thing. But the rule as written has a fatal flaw. And when has the government ever made anything cheaper and easier to do... or reduced conflicts of interest?

Here's the thing... if passed, this rule will restrict the trading of options in IRA accounts.

I sell covered calls in IRA accounts for income and capital gains. Some folks have even used it as a way to create portfolio protection. If this rule passes, that will end immediately.

Under the new rule, a typical brokerage wouldn't be allowed to let me trade options or even provide options education on its website. Can you imagine?

Many people use options to increase leverage and make big bets. But in a paternalistic attempt to protect people from themselves, the Department of Labor may take away our ability to use options correctly to actually decrease our

portfolio risk.

That's patently unfair. I deserve every retirement savings tool at my disposal.

I've taken the time to learn proper options trading. It has grown my retirement account. Some option trades actually reduce risk, rather than increase it.